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OUR INTERPROVINCIAL TRADE.

A HISTORY OF CANADA'S PROGRESS.

The Vast Development of Commerce Between the Provinces of Canada—A Comparison of the Figures Prior to Confederation and at the Present Time Shows Amazing Results—What is Yet Needed is Faith in Our Country and United Work for Its Progress.

[From The Empire, December 28th, 1889.]

Early in the twenties a trio of remarkable men—Chief Justice Sewell, Rev. John Strachan and Hon. J. B. Robinson—prepared and presented to the Colonial Minister a plan for the union of the British communities in North America. The Under-Secretary of State for the Colonies referred that plan to James Stuart, another remarkable son of Canada, afterwards created the first Canadian baronet in recognition of his labors in the preparation of the Union Act of 1841. Mr. Stuart reported against the idea of a general union, chiefly on the ground that there was scarcely any trade between the Canadas and the Maritime Provinces. In describing the condition of things then existing he says: "There is absolutely no intercourse whatever between the Canadas and New Brunswick. An immense wilderness separates the inhabited parts of both, and they have no interchangeable commodities admitting of any trade between them by sea. Nova Scotia is remote, is only accessible from the Canadas by land through New Brunswick, and keeps up a small trade with Lower Canada by the Gulf of St. Lawrence, in productions of the West Indies. Between Lower Canada and Prince Edward Island there is hardly any communication whatever."

The First Effort at Trade.

This was in 1824. The very next year, probably at the instance of Chief Justice Sewell, the legislature of Lower Canada made the first legislative effort to promote interprovincial trade. It authorized the Government to offer the sum of £1,500 a year as a subsidy for a steam service to develop trade between Quebec and Halifax. The Nova Scotian Legislature promptly responded by voting £750 a year "as a premium for a steamer of not less than 500 tons burthen. Stimulated by these offers, a joint stock company at once laid the keel of a steamer of 1,370 tons burthen, which when completed (by the way, hull built in Quebec; machinery all made in Montreal), cost £16,000. She was called the Royal William, and was placed upon the route in 1832, plying between the ports during that and the following season of 1833, but then withdrawn "because of insufficiency of business."

It may be of interest to note that immediately upon being withdrawn she coaled at Pictou, Nova Scotia, and was sent to Eng-

land, thus becoming the first steam-driven vessel that ever crossed the Atlantic. She made the voyage in 23 days. It was from this steamer's success in crossing the Atlantic that Samuel Cunard first had lodged in his busy brain the idea of the ocean steamship service, which became an accomplished fact in 1840.

The grant of the Canadian and Nova Scotian legislatures produced great results, but not in the special direction intended. The experience of the owners of the Royal William proves that interprovincial trade in 1833 was a very small affair. Thus discouraged the promoters made no further attempts.

The Liberal Idea of 1859.

In 1859 the Liberal party of Upper Canada held a convention in Toronto to do some Cabinet work in the way of manufacturing a platform upon which all sections of that party could stand together with comfort to their political consciences. The union of the British provinces of "the greater half of the continent" had been adopted by the Conservative party as their policy and Mr. (now Sir) A. T. Galt taken into the Cabinet as the exponent of that idea. In dealing with the question thus forced upon them, the Liberals, as the result of their deliberations, concluded to oppose the union policy of their political opponents, and did so chiefly on the old Stuart ground of 1824; viz., that the trade between the Canadas and the Maritime Provinces was so small that union, from an Upper Canadian point of view, was not worth having.

An Effect of Reciprocity.

During the remaining years of the Reciprocity Treaty of 1854, we may be sure that the trade of an interprovincial character did not grow any larger; for the great and overshadowing fact of that treaty is, as the late W. J. Patterson, of Montreal, abundantly proved, that it transferred to the merchants and traders of the United States a large proportion of all growing direct trade between the provinces, which had existed prior to 1854—the value of the trade in 1865 being less by half a million of dollars than the value of the trade in 1853—a fact that should be borne in mind in all efforts to make freer than they are the trade relations of the Dominion with

the United States. In our discussions about changes in the trade relations of the country, too much importance cannot be attached to the fact that during the twelve years of the continuance of the treaty of 1854 interprovincial trade went swiftly "to the dogs."

From the trade returns of 1864 and 1865 we can ascertain the interprovincial exchange that took place after the treaty of 1854 had had for several years a strangling hand upon it. Without going into details (for which THE EMPIRE on the present occasion does not allow me space), I find that this trade averaged for the two years, in round numbers, \$1,900,000—representing the total trade in products of the provinces, and in imports from other countries reshipped. Making allowance for goods, the produce of the provinces, shipped through the United States, and entered in the trade returns of the several provinces as imported or exported by the United States—though really belonging to the trade of the provinces with each other—the total trade between the Maritime Provinces and the Canadas averaged not more than two million dollars a year.

The Grand Trunk's Effort.

During the summer of 1866—after the repeal of the Reciprocity Treaty by the United States—the Grand Trunk Railway Company, with commendable enterprise, sought to develop interprovincial trade by means of steamers plying between St. John and Halifax and Portland in connection with their railway, having its terminus at the latter port.

A considerable trade rewarded their energetic action, the trade in flour alone increasing from 80,000 barrels (the average of 1864 and 1865) to 152,000 barrels in 1866.

The confederacy, however, was formed in 1867 with what, after all these efforts, was but a small interprovincial trade in existence; not enough, as one leading opponent of the Union said, to pay for axle grease for the Intercolonial. Moreover that little was largely done through a channel by no means satisfactory, the bulk of it being done *via* United States seaports under the bonding system, which imposed expenses adding to the cost of transport.

Trade at Confederation.

Our statistics were then, and, for that matter, are yet, lamentably deficient in such details as are necessary for an accurate statement of the dimensions of the interprovincial trade carried on between the Maritime Provinces and the St. Lawrence river provinces. We know that in 1867 a fortnightly steam service between Montreal and the gulf ports of New Brunswick and Nova Scotia was maintained, the steamer, however, having a capacity of only 800 barrels. Besides this, there were the "coasters." We have also to add the transit trade returns of the United States. I have made an analysis of the last named, and

find that in 1868 the interprovincial trade done *via* the United States was equal in value to \$3,500,000. Add to this the value of the goods exchanged *via* the gulf steam and sail coasters—the goods from Quebec (92 per cent. of which was flour), amounting to half a million dollars, and the return cargo to less than \$100,000—and for the first year of our confederated life we arrive at an interprovincial trade in this direction equal in value to somewhat over four million dollars.

The trade between the North-west and the two St. Lawrence river provinces was practically nil.

The interprovincial trade between Ontario and Quebec is very large, but it is not brought into consideration, the two provinces, for the purposes of this investigation, being considered as one division of the Dominion. In the same way the interprovincial trade between the Maritime Provinces themselves is very great, but in the present paper those provinces have been treated as one division.

What Has Been Done Since.

What has been done since 1867 in the way of developing interprovincial trade?

1. As to the efforts made to overcome the difficulties in the way of interprovincial trade.

Since 1876 we have had an addition to the channels of intercommunication in the Intercolonial railway opened that year. There have also been during the present year additional channels in the Canadian Pacific railway, whose cars entered Halifax for the first time early in June last, and in the Temiscouata railway, opening direct communication between the St. Lawrence river and the north-western counties of New Brunswick. We have had the completion of the Canadian Pacific westward, linking Manitoba, the North-west and British Columbia with the other provinces. Besides these great arteries we have had the National Policy. We have had a special committee of the House of Commons (1883) to assist, by its suggestions, in the development of interprovincial trade. We have had Montreal made practically a free port through the assumption of the Lake St. Peter's channel debt by the Central Government, and through the removal of wharf dues on steamers and sailing vessels. Finally, we have had the abrogation (1885) by the United States of the fisheries clauses of the Washington treaty, the effect of which abrogation has been largely to increase the direct business in fish from the Maritime Provinces westward.

The Results.

2. As to results: What have these efforts accomplished?

Well, in the first place, we may attempt to obtain a general view. Before confederation, as all the provinces stood to each other in the relation of outside countries, the re-

turns of imports and exports from and to each other were noted in the customs statistics. An analysis of these returns shows that in 1866 the Maritime Provinces of New Brunswick, Nova Scotia and P. E. Island imported goods to the value of \$40 per head of their population. Allowing for the increase of wealth in those provinces since 1866, and placing the value of their importations at \$41 per head, we have an import which would be now equal to \$40,000,000 if those communities had continued in their pre-confederation status. (Per parenthesis, I may remark that in England the value of imports is placed at \$50 per head, in Belgium at \$62 and in Australia at \$100.) As, however, the actual imports of the Maritime Provinces now are only \$13,250,000, there remains the sum of \$27,000,000 to represent: first, the extent to which they provide for their own wants through the growth of their manufacturing industries, and second, the amount they procure from the St. Lawrence river provinces in the way of interprovincial trade. One detail will have to suffice in respect to this east-bound interprovincial trade. If we take the annual consumption of flour, meal and coarse grains in the three Maritime Provinces at two barrels per head of the population—and this is not too high an average; because the fishermen consume more flour than any other class—we have an annual consumption of two million barrels. The imports of these articles average 65,000 barrels a year, leaving 1,935,000 barrels to be supplied by the millers of Ontario. One witness before the Commons' interprovincial trade committee estimated the consumption at 2,500,000 barrels, but included in that estimate Newfoundland, which province imports 350,000 barrels annually. Another witness, Robert Stark, of Toronto, said: "To-day we have over 1,400 mills in operation in Ontario, and they all look to the Maritime Provinces for their trade."

The Volume of Trade.

The interprovincial trade from east to west is larger than most persons have any idea of. I obtained, as far as possible, the quantities of the articles carried by the Intercolonial railway for 1887, and, by applying the prices either of the Montreal wholesale market or of the customs department, was able in that way to make up a list of articles sent from the Maritime Provinces, which, though necessarily incomplete, footed up the very respectable figure of over \$16,000,000, including in that amount the total coal sales of Nova Scotia to Quebec, whether of coal transported by land or by water. The increase in 1887 over 1880 as marked by the tons of westbound freight billed from stations on the Intercolonial in New Brunswick and Nova Scotia was equal to 320 per cent.

The reports from individual firms and trading corporations for 1888 were to the effect that there had been a steady increase

over 1887 in the trade with the St. Lawrence river provinces, as well as with the provinces of the west.

Goods Carried by the Gulf Route.

In further examining this westbound interprovincial trade we have to find out the amount of goods carried by the gulf water route, and also that carried by the United States railways. The latter amounts to close upon \$1,500,000 a year. As regards the former we have no means of obtaining the value. That the amount is large there can be no question. In 1888 the shipping employed in the coasting trade of the four provinces amounted to 10,863,330 tons. This is more by 1,700,000 tons than the tonnage in and out connected with our ocean-borne commerce. It is greater by 2,300,000 tons than the tonnage passing through the Suez canal, that great world-path between two densely-peopled continents. It is greater by 5,730,000 tons than the tonnage passing through the "Soo" canal.

During the past ten years the external commerce of the whole Dominion (exports and imports) has called for an increase in the tonnage connected with that branch, of 47 per cent. The internal trade of the Gulf and Atlantic division alone in the same period has shown an increase in tonnage engaged of 93 per cent. During the past few years the tonnage of vessels from the Maritime Provinces to the port of Quebec has greatly increased, that of 1887 being 33 per cent. of an increase over 1886 and 47 per cent. over 1885. In Montreal the increase in 1888 over 1887 was 18 per cent.

One of the witnesses before the interprovincial trade committee (1883) in his evidence said: "The trade of Prince Edward Island with Montreal has more than doubled in ten years."

Thus we have nearly eleven million tons of shipping moving, like a giant weaver's shuttle, to and fro along the magnificent eastern water front of this Canada of ours, playing an important part in the manufacture of homogeneity of sentiment.

It is plain from these statements that, concurrently with the development of interprovincial trade by the railway channel, there has been an equal, if not greater, development by the gulf water route.

An Estimate.

If, now, we set off all that portion of this eastern water front trade which is interprovincial as distinguished from provincial; all the trade in articles carried by the Intercolonial, the value of which cannot be ascertained, against the development of manufactures in the Maritime Provinces under the National Policy—the effect of which has been, possibly, to reduce the per head consumption of articles that would have been obtained outside of the Maritime division below the \$41 I have taken a

the standard—we shall have made the amplest allowance. Then, we have, in sight, \$28,000,000 eastward carried; \$16,000,000 westward carried by our own railways; and \$1,500,000 carried by United States railways—in all, an ascertained interprovincial trade of \$55,500,000, or nearly sixteen times the trade of this character done in the first year of confederation, and twenty-seven times the trade done in the year previous to confederation.

Trade in the West.

What is the value of the interprovincial trade between the St. Lawrence river division (Ontario and Quebec) and Manitoba and the Prairie and Mountain divisions?

Before the C.P.R. became a channel of communication the interchange of products between the provinces east of Lake Superior and those west, had largely to be done via United States railways. My analysis, already referred to, shows that the total interprovincial exchange through the United States channel amounted in 1883 to 194 million dollars. Deducting from this the value of goods composing the interprovincial trade of the St. Lawrence river and the maritime divisions with each other, we have over sixteen million dollars to represent the interprovincial trade of Ontario and Quebec with the Prairie division in 1883. That this value has been increased since is beyond doubt. The increase in tons of interprovincial exchange carried east and west from Port Arthur in 1888 over 1887 was 173 per cent. It will be seen at once that there has been a very great expansion of interprovincial trade in this direction since 1883.

The Grand Total.

Taking the whole interprovincial trade in sight, and making an allowance of only 50 per cent. for the great development that has taken place since the completion of the C. P. R. westward, we have an interprovincial exchange of \$80,000,000, not counting that between Ontario and Quebec, or that between the several provinces in the Maritime division of the east.

The total export trade of the whole Dominion with the United States barely reaches half that sum.

This business has sprung from the paltry \$2,000,000 which the provinces did with each other in the last year of the treaty of 1854, abrogated by the United States in 1866.

It is the most extraordinary fact in our confederated life, crowded as the 22 years have been with marvels.

The Causes.

The changes which have made this marvelous development possible are (a) external and (b) internal. The external changes are: (1) The repeal of the Reciprocity Treaty in 1866 by the United States; (2) the abrogation of the fisheries clauses of the Washington Treaty by the United States; (3) the Act of Congress

which empowered the president of the United States to proclaim at will non-intercourse with Canada.

The internal changes are: (1) The establishment of free trade between the provinces by the Union Act of 1867; (2) the completion of the Intercolonial railway 1876; (3) the improvement of the navigation of the Gulf of St. Lawrence, by the erection of lighthouses and other navigation securities; (4) the making of Montreal practically a free port; (5) the completion of the C. P. R. to British Columbia; (6) the opening of the C. P. R. to St. John, New Brunswick; (7) the general development of railways and canals.

What is Needed.

What is still needed?

1. An earnest determination on the part of the people to cultivate to its utmost this interprovincial trade. The best market is the near at home market; the second best is the interprovincial market; we benefit ourselves in both cases, whether we buy or sell. The near home market and the interprovincial market are like the quality of mercy, which blesteth him that gives and him that takes.

2. The fullest development of our waterways.

3. Settled conviction that the internal trade is the very best trade we can possibly have, and that it would be the greatest folly in the world to sacrifice this trade for that which might be gained by commercial union. Past experience has shown us that it is letting out at the bung-hole and pouring in at the spigot to obtain reciprocal trade relations with the United States at the expense of our interprovincial trade. At any rate, till we have thoroughly grasped our interprovincial trade and are sure we can hold it against all comers, let us have nothing to do with commercial union.

4. Reduction in the rates of freight. This can best be accomplished by diverting to our own railways the twenty or twenty-five million dollars' worth of goods still annually imported and exported by the Dominion via United States seaports. Every dollar thus contributed to our own railways will enable them to reduce the cost of internal transport. To this may be added greater promptitude on the part of the railways in the conveyance of goods, and greater promptitude on the part of the consignee in removing them.

In a word, what is needed is: (1) faith; (2) faith; (3) faith in our country's future; (4) works; (5) works; (6) works. They are the two oars by which we must propel our country onward. Faith removes mountains of difficulties in national life. Works (public works) cast up the highways and bring communities, otherwise isolated and in danger of forming "entangling alliances," to feel a common bond and a common interest.

GEORGE JOHNSON.

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